



Mental Health and Disability Services Redesign

Transition Committee Meeting Minutes

Thursday, November 20, 2012

10:00 am – 1:00 pm

MINUTES

Workgroup Members: Director Chuck Palmer, Bob Lincoln, Teresa Bomhoff, Robert Brownell, Jack Guenthner, Jan Heikes, Patrick Schmitz, John Severtson, Nancy Tretina, Jack Willey

Legislative Representation: Representative Lisa Heddens, Representative Dave Heaton

Facilitator: Steve Day, TAC

DHS/IME Staff: Joanna Schroeder, Theresa Armstrong, Rick Shults, Jen Harbison

Legislative Recommendations have been left blank pending discussion today. Looking into the future, we will put these recommendations into the Transition Committee report as an addendum.

Discussion on Transition Fund Report

- Thirty-two (32) counties applied for transition funds.
- A review of the 32 applications highlighted a number of policy issues. Will focus the discussion on the policy issues rather than get into the details of the dollar amounts.
- The report:
 - 1) Identified the extent of unpaid bills.
 - 2) Applications and analysis emphasized how much variation there is among the counties and highlighted the issue of equity among counties.
 - 3) Raised the issue of the extent to which fund balances should be supported with transition funds and if so how they should be supported.
 - 4) Raised issue of core and core plus services and how they should continue to be funded.
- To the extent the funds are viewed as a way of sustaining services, there is an issue of fairness in how the distribution of funds will be disseminated to counties since some counties that didn't apply have taken steps to reduce or change services to remain within their budgets
- Not every county is struggling but there are some that are ok and some that are not.
- Transition funds were intended to deal with the unintended consequences of the transition. The intent was to not cut services immediately, but rather to support a reasonable transition to other services paid for a different way or with a different

funding source. But in some cases what happened was that some counties cut services on July 1 because of uncertainty.

- Going into the transition the system was not equitable and suddenly equity funding is being applied in a system that is already inequitable.
- Notion of regions is to move to equity. Seems forcing counties to equity before move to counties.
- There was a question surrounding the issue of paying bills. The issue lies in cleaning up bills and getting them processed and this takes time.
- It was noted that when a county applied for transition funds, its financial situation was merely a snapshot in time. For example, a county might have \$15 million in the bank but \$21 million in bills. Opposite of what was promised and this committee needs to take a position on this.
- When looking at the transition fund included the beginning fund balance but also looked at the obligations at the time plus the forecast of obligations of counties throughout SFY 2013.
- From a county standpoint, counties would have assumed they would receive a state payment in August to pay bills. But this didn't happen. Complexity of lag of billing of state bills has always been an issue.
- There was a legislative request for additional information as to what the cost would be to maintain current services without a waiting list. Intent was that counties would not be significantly hurt in this process and that is why we have the transition fund. It appears counties are being punished, and need to relook at the transition fund otherwise will take a step backwards in the process.
- Recommend the principles used in determining the transition fund be changed. Put forth a proposal during the Interim committee on December 18, 2012. Since a county can't use CHIP funds to pay Medicaid bills need to find the funds in another place and use the CHIP funds in another way. If the regions aren't viable the redesign will fail.
- There needs to be enough cash flow to support all counties to operate for at least six months.
- Allow counties to re-categorize their expenditures so money from transition funds can be used to pay local providers so the county can use other funds to pay Medicaid bills.
- All counties need to be treated equitably. Then everyone will get the same consideration and that's as far as equity needs to go.
- Transition is not going to be one year. Some counties will be financially challenged in SFY 2014. Some financial challenges will be alleviated by joining regions. Should set a goal of 25 percent cash flow to enable other counties to apply. Maybe there could be a second set of transition funds for these counties.
- Can bridge FY 2013 if \$47.28 is kept in place.
- The region forming that includes Clinton County is choosing not to pool money. This will change the financial outlook for these types of regions. In this case only services in their area that they can support will be maintained.
- **Motion**: \$20 million transition fund be available as promised and have access to the general fund if needed to make these funds available.
- Part of motion needs to be a new set of principles regarding how the transition funds will be distributed.

- Draw down as much of the transition funds as possible – whatever scenario is used. Commission recommended no less than \$11 million (scenario 1) and more if possible.
- Has to be more than \$9 million (total \$20M) to fix the problem.
- Equity can't be the first priority because still cutting services.
- Teresa and Patrick will work on wording for this motion and send out to committee.

Discussion of Additional Recommendations for Report

- Over the transition, is it the position of the Transition Committee that no client, whether adult or child, loses services.
- What's the difficulty of the waivers to be less than a three county? This will be addressed based on rules going to the Commission in January 2013.
- The Committee should take a position of the \$47.28.
- If there are equalization dollars, they should go to regional structures so the money can go to underserved areas.
- Important that regional staffing is reviewed, i.e. regional structure, admin costs, etc. so regions have guidelines as they begin to form into regions.
- Need to know if the legislators are moving forward with the \$47.28 so counties/regions can budget appropriately.
- When will the waiver rules be ready? Early January.
- Recommend moving Jail Diversion from core plus to core service. We've got all the core service domains but certain core plus services were identified for funding at a later date.
- Recommend defining the term viable as in viable management/strategic plan.
- Part of the determination of viability is going to be somewhere in the rules for exemption. Someone is going to have to make a value judgment on whether a region is viable. This will be determined by the Director and if someone disagrees, appeals will be handled by the appeals process.
- The Department will make the rules measureable and objective and will continue to work on how to make viable objective and measurable.
- In terms of general liability insurance for regions with regard to targeted case management, who will assume responsibility for this expense? Sounds like a question for technical assistance for regions as they develop their 28E.

Motions

Motion: Recommend no consumer, child or adult loses services as a result of the transition.

- This was the intent of the legislation but heard stories about clients who have lost services. This was not the intent. There are some implications counties or regions that will come along and say we need X dollars or clients will lose services.
- Note from Steve Day: All counties/regions are adjusting services for individuals based on changes in assessed needs and person centered planning. Counties/regions are also continuously evaluating services to live within budgets and make most effective use of limited funds. These activities should be able to continue. Consumers should not be "locked into" a set of services just because they were receiving them before the transition.
- Look at what's worded in the waiver rules to make sure our thoughts are reflected.

- Motion passed unanimously.
- Recommend providing guidance to counties/regions regarding the administrative cost cap. There was a big discussion around the denominator. Legislative Services Agency (LSA) is working on this. Until they come up with something we have nothing to recommend. Recommend that regions/counties would not be penalized because the denominator has been changed (Medicaid buy-out).
- In regards to the appeals process, should there be a more clear appeals process around assignment of counties to regions and decision to approve or not approve waiver requests? Chapter 17A appeal would apply since not specific in statute.

Motion: Recommend that the \$47.28 be the guidance for counties in determining their budget. Recommend allocation of the funds based on what was passed (\$20 million).

- Intent of legislation was property tax relief. Identified \$47.28 by looking at all county property tax dollars.
- \$47.28 is starting point for next budget process (SFY14) – not set in stone for rest of century.
- Motion passed unanimously.

Motion: Allocation of equalization be given to a region to be shared equitable among the counties in the region.

- Recommend encouraging pooling as way we get to more equity. In terms of proposed legislation, link equalization dollars with a commitment to do that. Equalization dollars would be issued to a region. These are the dollars that would give money to counties below \$47.28 up to \$47.28.
- Motion passed unanimously.

Motion: Recommend the Mental Health and Disability Services Redesign Fiscal Viability Study Committee establish an appeals process at their discretion if the Chapter 17A appeals process is deemed not effective for this type of appeal.

- Motion passed unanimously.

Motion: Recommend the requirement for the strategic plan for SFY14 is set aside as counties move to regionalization. The strategic plan will outline the direction the counties/ region are heading. The management plan will stay in place.

- Strategic Action Plan - Right now counties are required to have an operating plan on a three-year cycle. This cycle ended with SFY12 legislation. Assumption is most counties will be in regions by SFY14. This doesn't appear to be true in all cases so there wouldn't be a plan that some counties are operating under. Should there be a one-year plan required?
- One option would be just not to have a plan recognizing that counties are moving into regions, but there would have to be some type of plan.
- Management plan states core services, provider network, application procedure, etc.
- Motion passed unanimously.

Motion: Recommend the Mental Health and Disability Services Redesign Fiscal Viability Study Committee begin to look at the systemic barriers to implementing co-occurring multi-occurring issues.

- Don't want to place any more burden on the system, but if there is financial capacity it would be good to have ability to use those dollars to reduce pressure on the general fund. Win-win to pull from general fund to MHDS Fund – can get people more services earlier, and it would be more cost effective.
- One example would be local detox services.
- What type of detox? Vision is to do more social detox. There would be identified levels of care with standards, treatment would be medically monitored. If there were signs of full-detox, the individual would be moved to a hospital or detox center. In most cases, this would take individuals out of a psychiatric bed.
- Could this type of program be duplicated in other regions? Yes.
- Consensus to defer topic for later discussion.
- Motion passed unanimously.

Motion: Recommend setting June 30, 2013 as the end date for county obligations for Medicaid bills. After that date, the state would receive any credits and pay any obligations resulting from retroactive cost adjustments, etc. This would allow counties to move forward with budgeting.

- Issue is to be able to pay Medicaid and then budget for Medicaid bills still coming in.
- Motion passed unanimously.

Motion: Recommend money that is used for the current state payment program for services for individuals who are 100 percent county funded continue to be given to counties for SFY14.

- The Department in conjunction ISAC created a committee to work with issues arising from legal settlement to residency. Recommend this committee continues.
- There is a provision in the statute that would back up this recommendation.
- What is the situation with state payment dollars? The Department suggested those funds be used for non-Medicaid but there would have to be legislation to do this. Keep in mind there is some level of uncertainty of what will happen with the Social Service Block Grants. These include funds to clean up county payments for legal settlement. Some of these individuals would move to Medicaid as counties go to regions.
- Motion passed unanimously.

Motion: Recommend that individuals in the community corrections system have access to services. The Legislature will address who is responsible for the services and who pays for the services.

- Are people under Department of Corrections residents of a region and therefore eligible for MHDS services? Or is the MHDS system responsible for services? This question goes beyond just residency.
- Who pays for these services is inconsistent across the state.
- Medicaid does not pay for services for people that are incarcerated. Passed legislation so notification for Medicaid would be in place for services for when an individual is released.

- Need services so the individual is properly treated and doesn't go back into the system. Funding/services for this group is already underfunded.
- Motion passed unanimously.

Next Steps

- DHS will refine the recommendations add them to the report and send out to the Committee for review. Feedback will be solicited by email.
- Request that the Mental Health and Disability Services Redesign Fiscal Viability Study Committee be given the report with ample time to review prior to their next meeting on January 11, 2013.

For more information:

Handouts and meeting information for each workgroup will be made available at:
<http://www.dhs.state.ia.us/Partners/MHDSRedesign.html>.

Website information will be updated regularly and meeting agendas, minutes, and handouts for the Redesign workgroups will be posted there.